

Message Text

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PAGE 01 QUITO 04946 201504Z
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 CIAE-00 INR-10 NSAE-00 SS-15
SP-02 TRSE-00 ABF-01 NSC-05 /052 W
-----117854 210742Z /64
R 181427Z JUL 78
FM AMEMBASSY QUITO
TO SECSTATE WASHDC 8825
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 4946

E.O. 11652: GDS
TAGS: EFIN, EC
SUBJECT: GOE EXTERNAL DEBT REFINANCING

REF: A) QUITO A-27, B) QUITO 4374

1. REF B REPORTED THAT THE GOE WAS INITIATING NEGOTIATIONS
TO REFINANCE A PORTION OF ITS EXTERNAL DEBT.

2. LOCAL CITIBANK AND BANK OF AMERICA OFFICIALS STATED
PRIVATELY TO AN EMBOFF THAT THE TWO BANKS ARE WORKING
TOGETHER TO FORM A SYNDICATION LOAN TO REFINANCE A LARGE
PORTION--AT LEAST \$400 MILLION, POSSIBLY OVER \$500
MILLION--OF THE GOE EXTERNAL DEBT WHICH INCREASED RAPIDLY
OVER THE PAST YEAR (REF A). EACH BANK WILL RAISE AT LEAST
\$200 MILLION THROUGH A COMBINATION OF ITS OWN CAPITAL AND
BY SYNDICATING PORTIONS OF THE LOAN TO OTHER U.S. AND
EUROPEAN BANKS. BANK OF AMERICA EXPECTS TO PUT UP \$50
MILLION OF ITS OWN CAPITAL.

3. THE PROJECTED INTEREST RATE FOR THE LOAN WILL BE
ONE PERCENT OVER LIBOR FOR EIGHT YEARS, AND ONE
AND ONE-EIGHTH PERCENT OVER LIBOR FOR THE NINTH AND
TENTH YEARS. NO GRACE PERIOD IS PLANNED.

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4. BY THIS LARGE REFINANCING, THE GOE WILL BE TAKING
ADVANTAGE OF THE CURRENTLY FAVORABLE BORROWING CONDITIONS
ON THE INTERNATIONAL MONEY MARKETS, AND SHOULD SIGNIFI-
CANTLY IMPROVE THE COUNTRY'S EXTERNAL DEBT SERVICING
POSITION.
CORR

NOIE BY OC/T: MESSAGE DELAYED IN TRANSMISSION.

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Draft Date: 18 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation Codes:
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Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8e295171-c288-dd11-92da-001cc4696bcc
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Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Reference: 78 QUITO A-27, 78 QUITO 4374
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Secure: OPEN
Status: NATIVE
Subject: GOE EXTERNAL DEBT REFINANCING
TAGS: EFIN, EC
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